



# Conference Call 3<sup>rd</sup> quarter 2022/23

**11 January 2023**  
Dr Stephan Meeder, CEO/CFO

# Highlights

- **Politics**
  - Climate protection in the EU
  - CO<sub>2</sub> targets for cars
- **Market development**
  - Volumes & prices
- **Financials 1<sup>st</sup> - 3<sup>rd</sup> quarter 2022/23**
  - 3<sup>rd</sup> quarter on previous year's level
  - Outlook for FY 2022/23 substantiated
- **Strategy**
  - Biobased chemicals: update on renewable ethyl acetate



# Politics



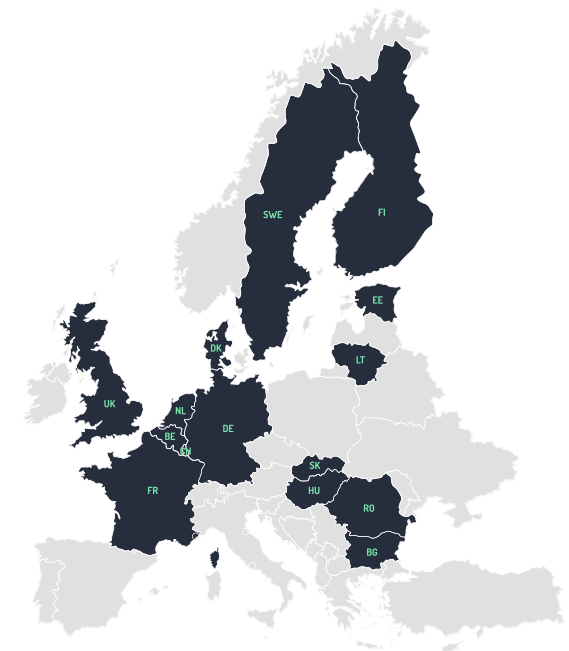
# More climate protection for Europe

## Review of “Renewable Energy Directive” moves forward with delay

### Revision “Renewable Energy Directive” (RED-III) – transport sector

- COM proposal:
  - GHG reduction of 13% by 2030 (to replace energy quota of 14%)
  - Crop-based biofuels: share 2020 + 1% within 7% limit (unchanged)
  - Advanced biofuels at least 2.2% and synthetic fuels at least 2.6% in 2030
- Council’s general approach (27 June 2022) largely aligned with Commission’s proposal
- European Parliament (12 September 2022) calls for higher GHG quota of 16%
- Trilog of Parliament, Council and Commission delayed into 2023 despite intensive discussions from October to December – file handed over to Swedish Presidency

Super E10 in the EU & UK  
20 Mt CO<sub>2</sub> less possible



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### Our key messages towards co-legislators

- Support a higher ambition in transport including a GHG reduction target of 16%
- Maintain the contribution of crop-based biofuels as solid foundation for less GHG emissions in transport
- More level-playing field in transport by removing artificial multipliers for certain biofuels and electricity



# EU: New CO<sub>2</sub> targets for cars

## Agreement on ban of new vehicles with combustion engines

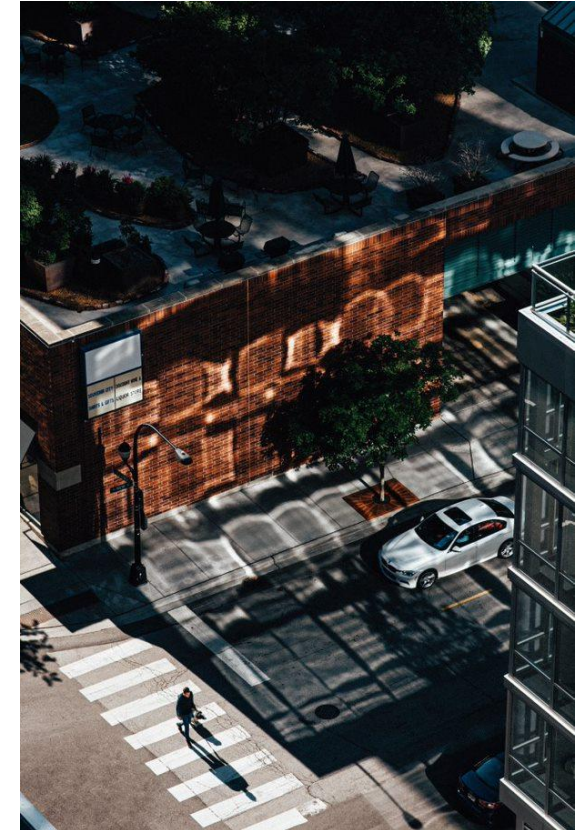
**Co-legislators have reached a final political agreement on 27 October 2022**

### **European Parliament and Council agrees on increased CO<sub>2</sub> emission targets**

- -55% for cars and -50% for vans by 2030 compared to 2021 levels
- -100% for cars and vans by 2035, i.e., ban of the internal combustion engine
- COM will develop a methodology assessing the full life-cycle CO<sub>2</sub> emissions of new vehicles until end of 2025
- Recital 9a: leaving the possibility for the EC to make a proposal for registering vehicles running exclusively on CO<sub>2</sub>-neutral fuels after 2035

### **Assessment**

- Clear violation of the principle of technology openness and neutrality
- Only tailpipe emissions are taken into account – life cycle emissions of vehicles without local emissions e.g., BEVs, are completely ignored
- Development of life-cycle methodology positive, but application to remain voluntary



# Market development

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# Market development

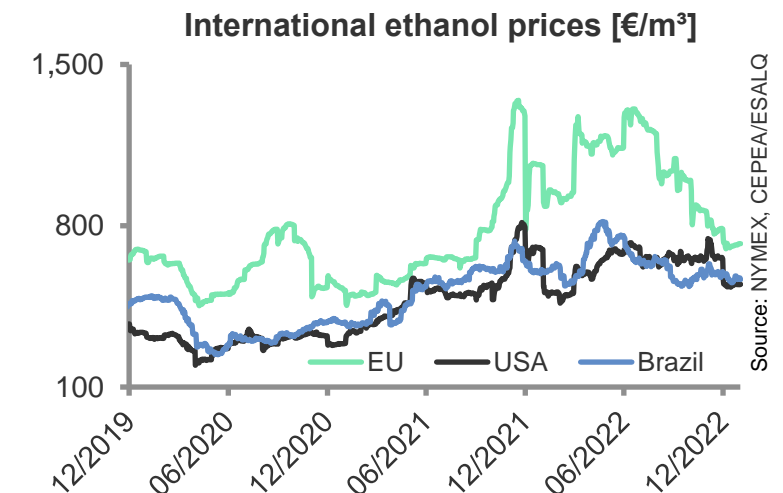
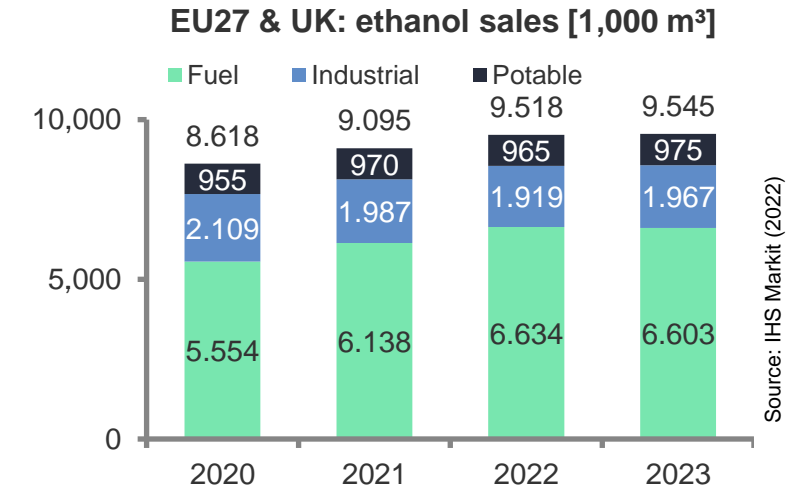
## Volumes

### Ethanol market in the EU27 & UK in 2022 (in million m<sup>3</sup>)

- Consumption: 9.5 +5% (6.6 fuel | 2.9 non-fuel)
- Production: 7.7 -1% (5.4 fuel | 2.3 non-fuel)
- Fuel ethanol sales expected to remain stable in 2023
- E10 No. 1 petrol in many European countries
  - Sales growth in particular in France, Sweden, and UK
  - E10 sales in Germany also increasing
- Non-fuel ethanol expected to remain stable as well

### Sharp increase of imports to Europe in 2022

- Large price difference makes imports to Europe attractive
- Brazilian exports (Apr-Nov) increased by 635% to 482,000 m<sup>3</sup>
- Total: 2.3 Mm<sup>3</sup> in 2022 vs. 1.1 Mm<sup>3</sup> in 2021
  - Increase by more than 100%



# Market development

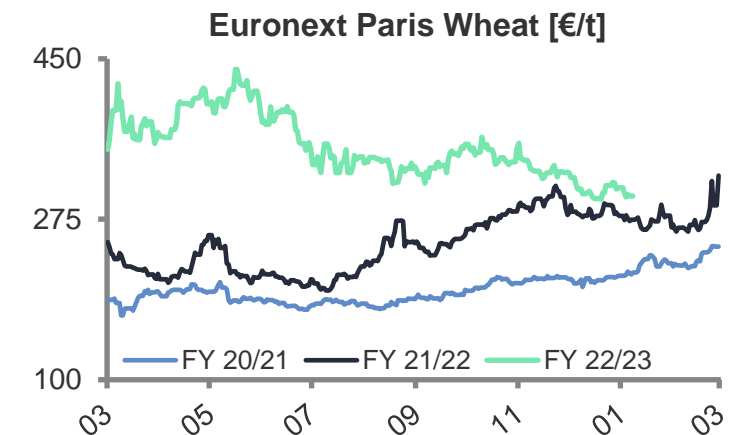
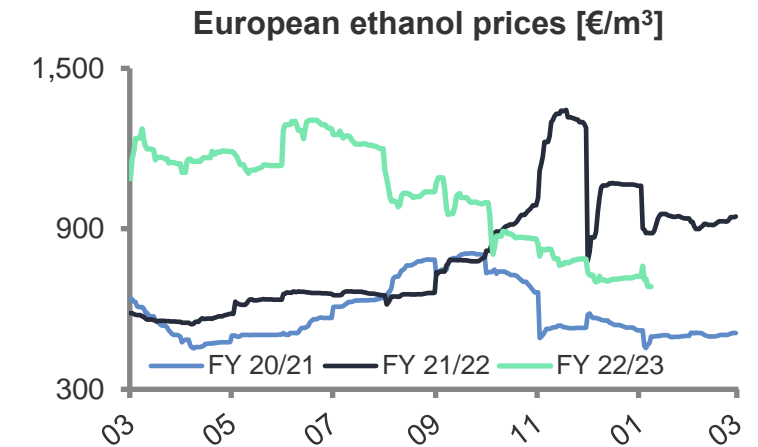
## Ethanol prices and feedstock market

### European ethanol price\* dropped in course of third quarter

- Average ethanol price € 882 (1,019) /m<sup>3</sup>
- Recent drop in prices due to soaring import pressure

### Feedstock market 2022/23

- Grain prices in third quarter\*\*: € 337 (272) /t
- EU grain harvest: 268 (293) Mt exceeds consumption of 256 (260) Mt
- IGC expects slight decline in 2022/23 with 2,255 Mt
- Grain prices gradually return to pre-war level



\* Ethanol T2 FOB Rdam \*\* Wheat (Euronext Paris), next date of expiry

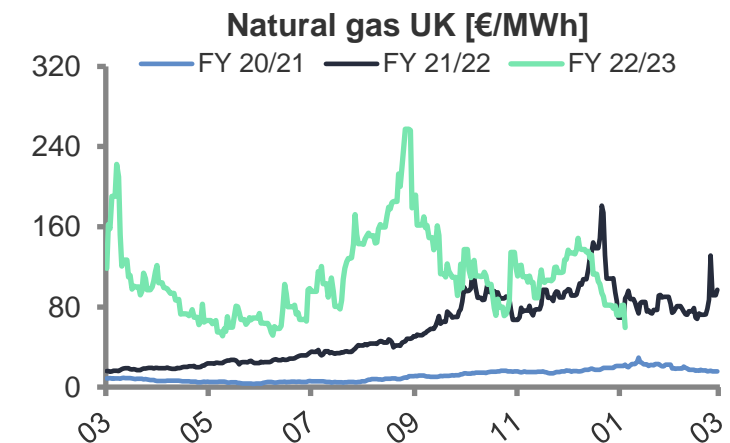
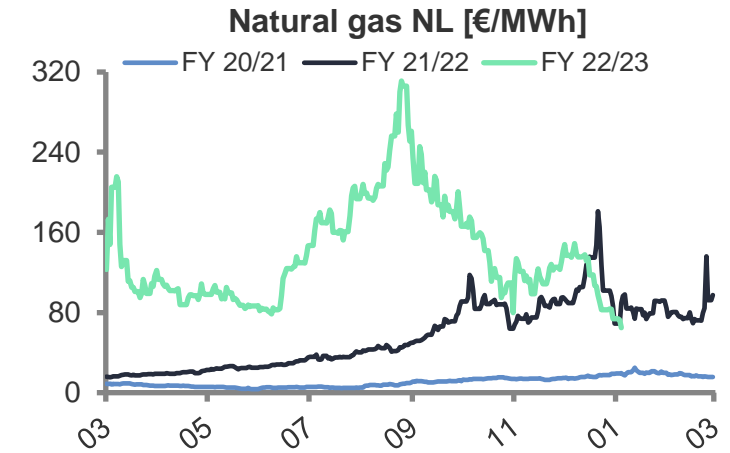


# Market development

## Energy markets

### Gas price quotations drop below high pre-war level

- First floating LNG terminal to supply Germany opened in December 2022 – further floating LNG terminals announced
- LNG imports to Europe at high level
- Gas storage level in Germany at about 90% – challenges expected to replenish storage for winter 2023/24
- Spot prices dropped since mid of December most likely due to unusual warm temperatures and lower demand during Christmas season
- Storages all over Europe remain at high filling grades



# Financials



# Overview 9 M 2022/23



• Ethanol production	811 (778) ,000 m <sup>3</sup>	+ 4%
• Revenues	€ 1.177 (781) million	+ 51%
• EBITDA	€ 267.4 (125.4) million	+ € 142 million
• Operating profit	€ 235.4 (94.3) million	+ € 141 million
• Net earnings	€ 180.4 (60.0) million	+ € 120 million
• Net financial assets (vs. 28/02/2022)	€ 366.1 (229.9) million	+ € 136 million

Note: Figures in parentheses relate to the corresponding prior-year period

# Overview 3<sup>rd</sup> quarter 2022/23



• Ethanol production	228 (258) ,000 m <sup>3</sup>	- 12%
• Revenues	€ 328.1 (317.7) million	+ 3%
• EBITDA	€ 66.4 (66.3) million	+ € 0.1 million
• Operating profit	€ 55.7 (55.9) million	- € 0.2 million
• Net earnings	€ 44.7 (35.2) million	+ € 9.5 million

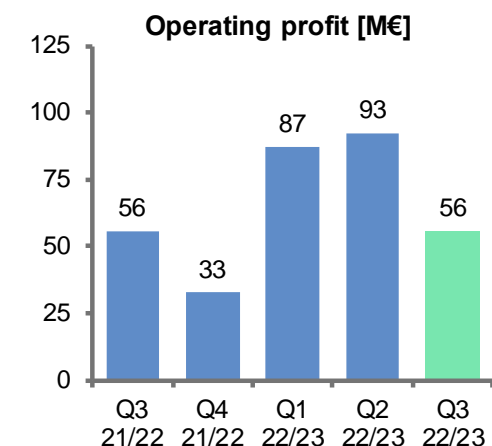
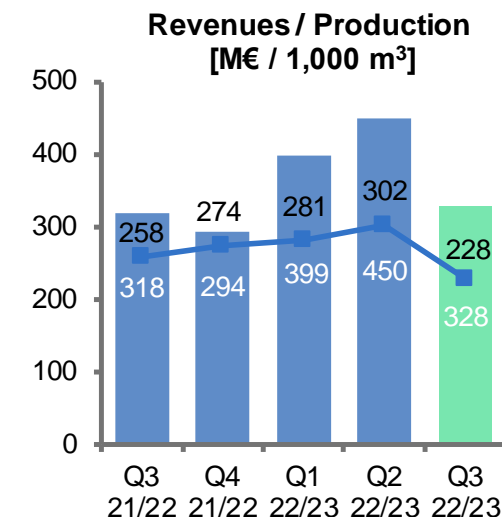
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# Operating profit 3<sup>rd</sup> quarter

(in € million)	Q3 2022/23	Q3 2021/22	Δ
Revenues	328.1	317.7	+ 3%
<b>Overall performance</b>	<b>319.3</b>	<b>312.5</b>	<b>+ 2%</b>
Cost of materials*	-234.8	-221.7	- 6%
<b>Spread (gross)</b>	<b>84.5</b>	<b>90.8</b>	<b>- 7%</b>
<i>in % of overall performance</i>	26.5%	29.0%	-
Further operating expenses/income*	-18.1	-24.5	+ 26%
<b>EBITDA*</b>	<b>66.4</b>	<b>66.3</b>	<b>+ 0%</b>
Depreciation*	-10.7	-10.4	- 3%
<b>Operating profit</b>	<b>55.7</b>	<b>55.9</b>	<b>- 0%</b>
<i>Margin</i>	17.0%	17.6%	-

\*without restructuring costs and special items

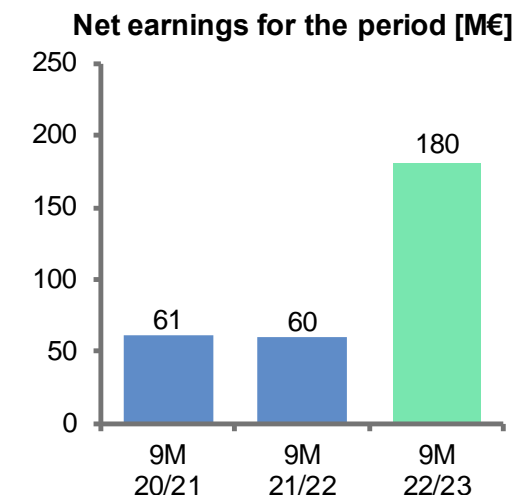
- High sales prices esp. for ethanol more than offset declining sales quantities
- Price increase on raw material markets now increasingly affects cost of materials





# Net earnings

(in € million)	9 M 2022/23	9 M 2021/22	Δ
Revenues	1.176.8	780.9	+ 51%
<b>EBITDA*</b>	<b>267.4</b>	<b>125.4</b>	<b>&gt; + 100 %</b>
<b>Operating profit</b>	<b>235.4</b>	<b>94.3</b>	<b>&gt; + 100%</b>
Margin	20.0%	12.1%	-
Restructuring costs / special items	0.0	0.0	-
At-equity result	0.2	0.1	> + 100%
Income from operations	235.6	94.4	> + 100%
<b>Financial result</b>	<b>1.8</b>	<b>-2.0</b>	<b>-</b>
<b>Earnings before income taxes</b>	<b>237.4</b>	<b>92.3</b>	<b>&gt; + 100%</b>
Taxes on income	-57.0	-32.3	- 76 %
<b>Net earnings for the period</b>	<b>180.4</b>	<b>60.0</b>	<b>&gt; + 100%</b>

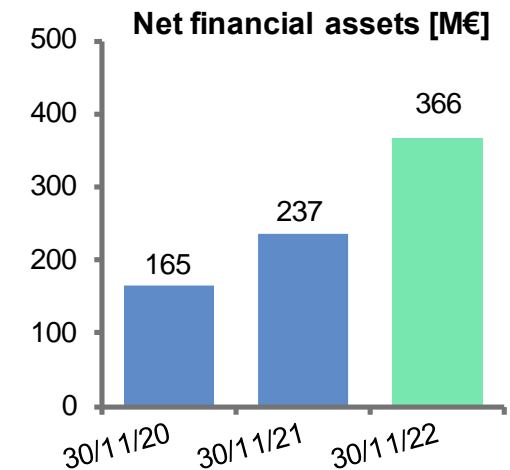
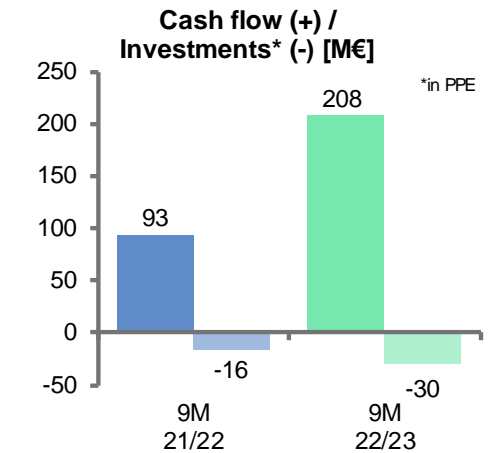


- Unrealised currency effects positively and increased interest income affect financial result
- Tax rate decreases to 24 (35)%
- EPS increase significantly to € 2.07 (0.69)

# Cash flow

(in € million)	9 M 2022/23	9 M 2021/22	Δ
<b>Cash flow</b>	<b>208.2</b>	<b>93.0</b>	<b>+ 115.2</b>
Change in net working capital	1.8	38.1	- 36.3
<b>Net cash flow from operating activities</b>	<b>210.0</b>	<b>131.1</b>	<b>+ 78.9</b>
Investments in property, plant et al.	-29.7	-14.9	- 14.1
Investments in financial assets	-2.7	0.0	- 2.7
Increase (-) / Decrease (+) in financial receivables	84.2	-73.3	+ 157.5
Payments into current financial investments	-34.9	0.0	- 34.9
<b>Cash flow from investing activities</b>	<b>16.8</b>	<b>-88.2</b>	<b>+ 105.0</b>
<b>Cash flow from financing activities</b>	<b>-43.3</b>	<b>-31.0</b>	<b>- 12.3</b>
Changes in exchange rates / consolidation basis	-0.2	0.1	- 0.3
<b>Change in cash and cash equivalents</b>	<b>183.4</b>	<b>12.0</b>	<b>+ 171.4</b>
	30/11/2022	30/11/2021	Δ
<b>Net financial assets</b>	<b>366.1</b>	<b>236.9</b>	<b>+ 129.2</b>

- Significant increase in net financial assets



# Outlook 2022/23

## Outlook from 11 August 2022 substantiated

- Assumptions
  - Continued normalised mobility behaviour
  - Effects of the Ukraine war difficult to assess
  - Sufficient energy and raw materials will be available for the production
  - Further availability and price development on the energy markets are difficult to predict at the current time and against the background of political developments
- Revenues between € 1.47 to € 1.57 (previously expected: € 1.45 to € 1.55; previous year: € 1.08) billion
- EBITDA in a range of € 265 to € 295 (previously expected: € 255 to € 305; previous year: € 169) million
- Operating profit between € 225 and € 255 (previously expected: € 215 to € 265; previous year: € 127) million
- Pressure on earnings increases due to continuously high energy and raw material costs with at the same time declining prices for ethanol



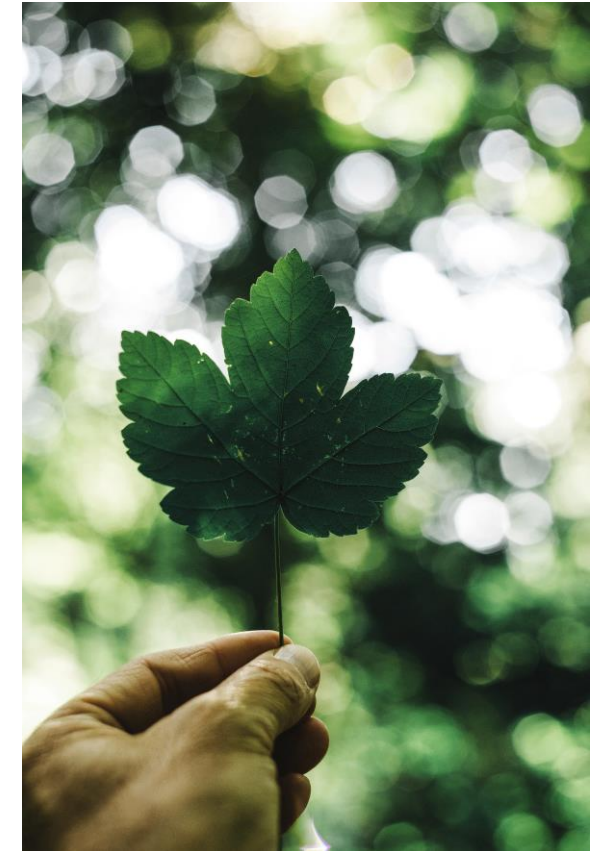
# Strategy



# Innovation from biomass

## Update: renewable ethyl acetate

- CropEnergies gives green light for a new plant for the production of renewable ethyl acetate based on Johnson Matthey technology
- Foundation stone of new biobased chemicals business
  - Investment for production facility between € 120-130 million targeting ROCE of at least 15%
  - Climate neutral production of 50,000 tonnes per year
  - Located in Zeitz Chemical and Industrial Park (Germany) creating approx. 50 jobs for highly skilled employees
  - Groundbreaking to take place early in 2024 and commissioning scheduled for summer 2025
- Renewable ethyl acetate reduces the fossil carbon footprint of a wide range of everyday products
- Renewable hydrogen (H<sub>2</sub>) as a co-product – with biogenic CO<sub>2</sub> as basis for further PtX downstream routes (e.g. eFuels)






## We deliver green carbons

### For our future:

#### Sustainability and climate neutrality

- in its traditional core business of mobility - with sustainable and climate-friendly fuels
- in a completely new business area based on ethanol derivatives as an alternative to fossil raw materials
- with biogenic CO<sub>2</sub> as the raw material of the future and as capital for the company's further development
- to serve a clear growth market with protein products for the food and animal feed industry and to deepen the value chain
- in a new business area for green electricity and green hydrogen

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**MORE CLIMATE-NEUTRAL.  
MORE BROADLY POSITIONED.  
FUTURE-PROOF.  
OUR NEW STRATEGY.**

### Financial Calendar

24 May 2023:	Annual report and press and analysts' conference FY 2022/23
5 July 2023:	Statement for the 1 <sup>st</sup> quarter of 2023/24
11 July 2023:	Annual General Meeting 2023
11 October 2023:	Report for the 1 <sup>st</sup> half of 2023/24
10 January 2024:	Statement for the 1st-3rd quarter of 2023/24

### Stock Information

ISIN:	DE000A0LAUP1
Symbol:	CE2
Bloomberg / Reuters:	CE2 GY / CE2G.DE
Transparency standard:	Prime Standard

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